

Message Text

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60

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 INT-08 CIAE-00 INR-10

NSAE-00 RSC-01 L-03 SPC-03 SAM-01 AID-20 NSC-10

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 DRC-01

/118 W

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P 080114Z FEB 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 9961

UNCLAS MEXICO 1074

E.O. 11652 N/A

TAGS: EIND, ETRD

SUBJECT: U.S. FERROUS SCRAP EXPORTS

REF: A. STATE 15973 B. STATE 11625 C. STATE 236397

1. RELIABLE INDUSTRY SOURCES HAVE INFORMED EMBOFF THAT MEXICO IS CONTINUING TRADITIONAL NON-QUOTA LICENSING SYSTEM FOR IMPORTATION OF SCRAP. ALL COMMERCIAL SCRAP PROCESSING MILLS ARE REGISTERED WITH GOM. MILLS REQUIRING SCRAP IMPORTATION MUST APPLY DIRECCION DE ESTUDIOS HACENDARIOS OF TREASURY MINISTRY FOR IMPORT LICENSE, SPECIFYING AMOUNT REQUESTED. NO LIMIT IS PLACED ON AMOUNT EXCEPT IT MUST NOT EXCEED NEEDS OF MILL ITSELF. AMOUNT LICENSED IS BASED ON TWO CALCULATIONS: 1) PREVIOUS IMPORTATION RECORDS PLUS JUSTIFICATION OF ANY CHANGES IN CURRENT NEEDS. 2) THE AMOUNT OF DOMESTIC SCRAP AVAILABLE TO THE MILL IS SUBTRACTED FROM THE MILL'S TOTAL NEEDS IN ORDER TO CALCULATE THE IMPORT REQUIREMENT TO BE LICENSED. THE MILL MUST THEN FURNISH THE IMPORT LICENSE TO CENTRAL CUSTOMS OFFICE IN FEDERAL DISTRICT WHICH THEN DISTRIBUTES LICENSE INFORMATION TO CUSTOMS BRANCHES WHERE IMPORTS ARE EXPECTED TO ENTER, BRANCHES THEN CHECK IMPORTS AGAINST LICENSED TONNAGE.

2. AS EXPLAINED TO EMBOFF, PLANTS HAVE VESTED INTEREST IN UNCLASSIFIED

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MAINTAINING CONSCIENTIOUS AND CONSISTENT ESTIMATIONS OF SCRAP

IMPORT REQUIREMENTS. HEAVY TRANSPORTATION COSTS WEIGH AGAINST
PADDING ORDERS. CONVERSELY, UNDERESTIMATION ENTAILS PROBLEM OF
JUSTIFYING LARGER ESTIMATES FOR SUBSEQUENT LICENSES. THEREFORE
MILLS USUALLY MAINTAIN CONSISTENT LICENSING PATTERN AND ANY
DEVIATIONS CONSEQUENTLY BECOME MORE NOTICEABLE TO THE GOM.

3. GIVEN ABOVE CONSIDERATIONS, DEPARTMENT CONCERN EXPRESSED IN
PARA 3 OF REFTEL (C), MAY NOT BE APPLICABLE TO MEXICAN SITUATION.
SINCE EVERY MEXICAN MILL SETS ITS OWN IMPORT LIMITS WHEN
RECEIVING GOM LICENSES, IT IS UNLIKELY THAT U.S. EXPORTS LICENSED
BY COMMERCE WILL FACE GOM RESTRICTIONS AFTER CROSSING THE BORDER.
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Disposition Event:
Disposition History: n/a
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30 JUN 2005

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